

(3) A proprietor must maintain production account records in a manner that will ensure the tracing of spirits through the distilling system to the mash or other material from which the spirits were produced and that will clearly establish the identity of the spirits.

(b) *Withdrawals from production.* A proprietor must maintain daily records of the distilled spirits withdrawn from the production account. This includes withdrawals for:

- (1) Taxpayment;
- (2) Use of the United States;
- (3) Hospital, scientific or educational use;
- (4) Export;
- (5) Transfer to a foreign trade zone;
- (6) Transfer to customs bonded manufacturing warehouse;
- (7) Use as supplies on vessels and aircraft;
- (8) Use in wine production;
- (9) Transfer in bond to other bonded premises;
- (10) Transfer to storage operations;
- (11) Transfer to processing operations; and
- (12) Research, development, or testing.

(26 U.S.C. 5207)

#### § 19.586 Byproduct spirits production records.

Each proprietor who manufactures substances other than spirits in a process that produces spirits as a byproduct must maintain daily production records of:

- (a) The kind and quantity of materials received and used in production;
- (b) The kind and quantity of spirits produced and disposed of; and
- (c) The kind and quantity of other substances produced.

(26 U.S.C. 5207)

#### STORAGE RECORDS

#### § 19.590 Storage operations.

(a) *Receipts.* A proprietor must maintain daily records of the kind and quantity of distilled spirits or wines received in the storage account. The proprietor must use copies of gauge records, transfer records, and tank records of wines or spirits to record

spirits or wines received into storage. Receipts into storage include:

- (1) Receipts of spirits or wines for deposit into storage;
- (2) Receipts by transfer in bond;
- (3) Receipts of spirits from customs custody; and
- (4) Receipts of spirits returned to bond.

(b) *Storage activities.* A proprietor must maintain daily records of the activities and operations within the storage account at the plant, including records regarding:

- (1) The mingling of spirits;
- (2) Spirits in tanks;
- (3) Spirits or wines filled into packages from tanks and retained for storage;
- (4) Spirits of less than 190° of proof or wines transferred from one tank to another;
- (5) The transfer of spirits or wine from one package to another; and
- (6) The addition of oak chips to spirits and the addition of caramel to brandy or rum.

(c) *Withdrawals from storage.* A proprietor must maintain daily records of the kind and quantity of distilled spirits or wines withdrawn from the storage account, including records regarding:

- (1) Taxpayment;
- (2) Use by the United States;
- (3) Hospital, scientific or educational use;
- (4) Export;
- (5) Transfer to a foreign trade zone;
- (6) Transfer to a customs bonded manufacturing warehouse;
- (7) Use as supplies on vessels and aircraft;
- (8) Transfer to a bonded winery;
- (9) Transfer to a customs bonded warehouse;
- (10) Use for research, development, or testing;
- (11) Transfer to processing operations;
- (12) Transfer to production operations;
- (13) Transfer in bond to other bonded premises;
- (14) Destruction; and
- (15) Loss.

(26 U.S.C. 5207)